

3 JUN 1949

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TOP SECRET

GENERAL

1. Spaak concerned over British attitude in OEEC--Belgian Prime Minister Spaak has informed US Charge Millard that "things are going badly" in the Organization for European Economic Cooperation because of British opposition to the US proposal that 10% of ECA funds for 1949-50 be placed in a pool for multilateral use in stimulating intra-European trade. Spaak said frankly that the British were doing their utmost to defeat the proposal which they claimed would force them to increase their purchases in gold or dollars. Spaak, who considers the US suggestion sound in principle, indicated he feels some embarrassment in supporting the proposal because it is obvious Belgium would be the chief beneficiary.

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FAR EAST

2. INDOCHINA: Bao Dai's views on US assistance--US Embassy Paris has been informed by Vietnamese representatives in Paris that the optimum US assistance program Bao Dai hopes for in support of his new regime in Indochina includes: (a) a US statement welcoming the Vietnam state and indirectly endorsing Bao Dai himself; (b) de facto and later de jure recognition; and (c) economic and military assistance. The Embassy recommends that the US make a general statement in support of a state of Vietnam, rather than of Bao Dai or any specific government, and suggests that the question of formal recognition be studied with the UK, India, Siam, and the Philippines.

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Auth: DDA MAR 77 1733

Date: 20 MAR 1978 By: 028